

Message Text

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ACTION ARA-14

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-10
L-03 NSAE-00 NSC-05 PA-01 SP-02 SS-15 ICA-11
IO-13 AID-05 EB-08 TRSE-00 /094 W
-----066048 130257Z /12

R 111741Z AUG 78
FM AMEMBASSY CARACAS
TO SECSTATE WASHDC 3370
INFO AMEMBASSY BOGOTA
USCINCLANT NORFOLK VA
USCINCSO QUARRY HEIGHTS CZ

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USCINCLANT FOR POLAD

E.O. 11652: N/A
TAGS: PEPR EGEN VE
SUBJECT: THIS WEEK IN VENEZUELA

REF: CARACAS 7303

SUMMARY: PRESIDENT PEREZ PRAISES ANDEAN INTEGRATION AND
CALLS FOR BILATERAL SETTLEMENT OF BOUNDARY DISPUTE. SUPREME
ELECTORAL COUNCIL DECIDES AGAINST SEPARATE MUNICIPAL ELECTIONS
IN 1979. PEREZ DENIES DEVALUATION RUMORS. END SUMMARY.

1. PRESIDENT PEREZ PRAISES ANDEAN INTEGRATION AND CALLS FOR
BILATERAL SETTLEMENT OF "DIFERENDO" ISSUE.
DURING HIS STAY IN BOGOTA TO ATTEND THE INAUGURATION OF
PRESIDENT TURBAY, PRESIDENT PEREZ NOTED THAT THE "DECLARATION
OF BOGOTA" WHICH THE REPRESENTATIVES OF THE FIVE ANDEAN PACT
COUNTRIES SIGNED, INDICATED VENEZUELA'S FULL SUPPORT FOR
ANDEAN INTEGRATION. STRIKING A FAMILIAR THEME, PEREZ ALSO
SAID THAT THE PACT COUNTRIES AS A GROUP SHOULD NEGOTIATE
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WITH TRANSNATIONAL CORPORATIONS A A GROUP, SINCE TRANS-
NATIONALS TREAT LDCE IN A SIMILAR MANNER. TURNING TO BI-
LATERAL ISSUES, PEREZ REJECTED THE SUGGESTION THAT THE MARITIME
BOUNDARY PROBLEM ("DIFERENDO") BETWEEN VENEZUELA AND
COLOMBIA SHOULD BE SETTLED BY THIRD PARTY ARBITRATION. PEREZ
STRESSED THAT ARBITRATION WOULD INVOLVE THE NOTION OF A WINNER
AND LOSER WHICH IS TO BE AVOIDED. DIRECT NEGOTIATIONS

ARE THE ANSWER. COMMENT: PEREZ WAS QUITE UP-BEAT ON THE PROSPECTS FOR ANDEAN INTEGRATION, ONE OF THE CORNERSTONES OF VENEZUELA'S FOREIGN POLICY. HE HANDLED THE DELICATE "DIFERENDO" ISSUE WITH CARE, WHILE ATTEMPTING TO MAINTAIN A SENSE OF MOMENTUM FOR A SETTLEMENT DURING THE NEXT VENEZUELAN ADMINISTRATION.

2. SUPREME ELECTORAL COUNCIL DECIDES AGAINST SEPARATE MUNICIPAL ELECTIONS NEXT YEAR.

AUGUST 10, THE SUPREME ELECTORAL COUNCIL (CSE) DECIDED UNANIMOUSLY NOT TO HOLD MUNICIPAL ELECTIONS SEPARATELY FROM THE NATIONAL ELECTIONS OF DECEMBER 3. IN MAY, THE CSE HAD LEFT OPEN THE POSSIBILITY THAT MUNICIPAL ELECTIONS MIGHT BE HELD SEPARATELY IN EARLY 1979. CSE SPOKESMEN NOTED UNOFFICIALLY THAT IT WAS VIRTUALLY IMPOSSIBLE FOR THE CSE TO ORGANIZE AND MANAGE SEPARATE LECTIONS WHICH INVOLVE NEW REGISTRATION LISTS (PARTIALLY BECAUSE, UNDER THE LAW, FOREIGNERS WITH TEN YEARS RESIDENCE WOULD BE ABLE TO VOTE IN SEPARATE MUNICIPAL ELECTIONS). COMMENT: GIVEN THE LOGISTICAL AND ORGANIZATIONAL DEMANDS ON THE CSE IN PREPARATION FOR THE NATIONAL ELECTIONS, IT IS NOT SURPRISING THAT IT DECIDED TO REJECT HOLDING SEPARATE ELECTIONS ON THE HEELS OF THE NATIONAL VOTE. HOWEVER, THERE IS WIDESPREAD AGREEMENT AMONG ALL PARTIES THAT MUNICIPAL GOVERNMENT BADLY NEEDS REFORM (PRIMARILY MORE RESPONSIVENESS TO LOCAL NEEDS AND LESS NEPOTISM) AND THAT THIS CAN ONLY BE ACHIEVED BY ALLOWING CITIZENS TO LIMITED OFFICIAL USE

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ELECT THEIR MUNICIPAL OFFICIALS SEPARATELY AND BY VOTING FOR INDIVIDUAL CANDIDATES RATHER THAN FOR NATIONAL PARTY SLATES WHICH ALLOW HACKS AND ANGER ON TO "COATTAIL" ON POPULAR NATIONAL CANDIDATES.

3. PEREZ DENIES DEVALUATION RUMORS.

DURING A PRESS CONFERENCE LAST WEEK IN MARACAIBO, VENEZUELA PRESIDENT PEREZ EMPHATICALLY DENIED THAT THE GOV WAS CONTEMPLATING EITHER A DEVALUATION OR ANY FORM OF MONETARY CONTROLS. REFERRING TO RUMORS CIRCULATING WIDELY IN VENEZUELA, PEREZ SAID THE COUNTRY WAS ECONOMICALLY SOUND AND FOREIGN EXCHANGE RESERVES REMAINED AT A HIGH LEVEL. NEITHER CURRENCY CONTROLS NOR A CHANGE IN THE VALUE OF THE NATIONAL CURRENCY WAS THEREFORE NECESSARY. HE DESCRIBED SPECULATION TO THE CONTRARY AS IRRESPONSIBLE. FURTHER, HE SAID THE BOLIVAR WOULD REMAIN TIED TO THE DOLLAR BECAUSE THE UNITED STATES REMAINED THE MOST POWERFUL ECONOMY IN THE WORLD AND WOULD CONTINUE TO BE VENEZUELA'S MOST IMPORTANT TRADING PARTNER. THE DOLLAR WAS EXPERIENCING TEMPORARY DIFFICULTIES BECAUSE OF SPECIAL CIRCUMSTANCES, BUT HE DID NOT BELIEVE THIS TO BE A SIGN THAT THE US ECONOMY WAS UNSOUND.

3. OTHER REPORTING THIS WEEK INCLUDED: VENEZUELAN ECONOMIC ELITES (CARACAS 7471), REQUEST FOR MEDICAL EXAMINATION OF NAVAL OFFICER (CARACAS 7396), MAJOR PROJECT: SIDOR PLAN IV MANAGEMENT CONTRACT (CARACAS 7398), NO DECISION YET TO RENEGOTIATE EXTERNAL DEBT (CARACAS 7361), CIVAIR: PAN AM CHANGE OF GAUGE (CARACAS 7314), MAJOR PROJECT: CARACAS METRO FARE COLLECTION SYSTEM (CARACAS 7313), CIVAIR: REPORTED MULTILATERAL COMMITMENT TO RESIST US INTERNATIONAL AIR TRANSPORTATION POLICY (CARACAS 7312), CONSULTATIONS WITH GOV ON UNGA (CARACAS 7305), CIVAIR: CIVIL AVIATION ISSUES (CARACAS 7301), CONCRETE CONSTRUCTION SEMINAR AUG 78-VENEZUELA (CARACAS 7349), COPEI CANDIDATE HERRERA PROPOSES RESTRUCTURING OIL INDUSTRY, INCOUDLING RENEGOTIATION PETROLEUM CONTRACTS (SEPTEL).
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CROWLEY

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Message Attributes

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